

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of )

PUBLIC UTILITIES COMMISSION )

Docket No. 2008-0274

Instituting a Proceeding to Investigate )  
Implementing a Decoupling Mechanism )  
for Hawaiian Electric Company, Inc., and )  
Hawaii Electric Light Company, Inc., and )  
Maui Electric Company, Limited. )

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PUBLIC UTILITIES  
COMMISSION

2009 JUN 18 P 12: 08

FILED

**HAIKU DESIGN AND ANALYSIS**

**SUPPLEMENTAL RESPONSE TO INFORMATION REQUESTS**

**TRANSMITTED BY THE COMMISSION ON JUNE 5, 2009**

Carl Freedman, dba Haiku Design and Analysis (HDA) respectfully offers the following response to the information requests transmitted by the Commission in this docket on June 5, 2009. HDA responds below to PUC-IR-49 addressed to all parties.

HDA provided its response to PUC-IR-47 in a prior submission.

**PUC-IR-49: The current ECAC uses the 2005 energy mix to calculate the ECAC.**

**Does the use of the 2005 proportions rather than actual proportion cause the utility to charge more or less than its actual costs when the actual mix is different from the 2005 mix? Does the use of set proportions rather than actual energy mix create a complete pass through? If not, why have you not discussed the proportional allocation as well as the heat rate adjustment? If there have been differences between actual costs experienced and revenues charged to the customers because of the use of the 2005 energy mix, please provide the monetary difference for each year from 2004 through 2008.**

**HDA Response:**

The current ECAC only uses 2005 energy mix to characterize the assumptions used in determining the 2005 base energy rates. Current values of the energy mix are used to determine the ECAC adjustment. HDA is not aware of any problem or discrepancy here.

The monthly ECAC adjustment filings show the base (test year) weighted fuel price (cents per Mbtu), the base (test year) percentage input to system kWh mix, and the test year efficiency factor (Mbtu per kWh) and the multiplication of these factors used to derive the weighted base (test year) generation cost (cents per kWh). For HECO these are shown in lines 17 through 20. For purchased power a similar set of factors is shown for base (test year) purchased energy composite cost, base percentage input to system mix and the resulting weighted base (test year) purchased energy cost. For HECO these factors are shown in lines 58 through 60. Of all of these numbers shown on the ECAC form, however, the only numbers used in the calculation of the adjustment are the base (test year) weighted base generation cost (HECO line 20) and the weighted base (test year) purchased energy cost (HECO line 60). These lines sum to the base energy rate that the ECAC adjusts to. All of the other base (test year) numbers listed above (including the 2005 test year energy mix) are on the ECAC form only for reference to show how the base test year price components were derived. The calculations of the ECAC adjustment use current fuel prices, purchased power costs and energy mix of generated and purchased power. The use of the current

energy mix is necessary to properly weigh the current generation costs and purchased energy costs for adjustment to the test year energy mix embedded in the base energy rate.

This does not cause the utility to charge more or less to customers except as properly intended in the mechanism. This does not result in a complete pass through. HDA's analysis of the existing ECAC and its interaction with the various proposed decoupling mechanisms in this docket does consider the proportional energy mix allocations in the ECAC calculation. These were not discussed explicitly by HDA because HDA is not aware of any problem with the ECAC in this specific regard.

## CERTIFICATE OF SERVICE

I hereby certify that I have, on June 17, 2009 served a copy of the foregoing  
HAIKU DESIGN SUPPLEMENTAL RESPONSE TO INFORMATION REQUESTS  
TRANSMITTED BY THE COMMISSION ON JUNE 5, 2009 upon the following  
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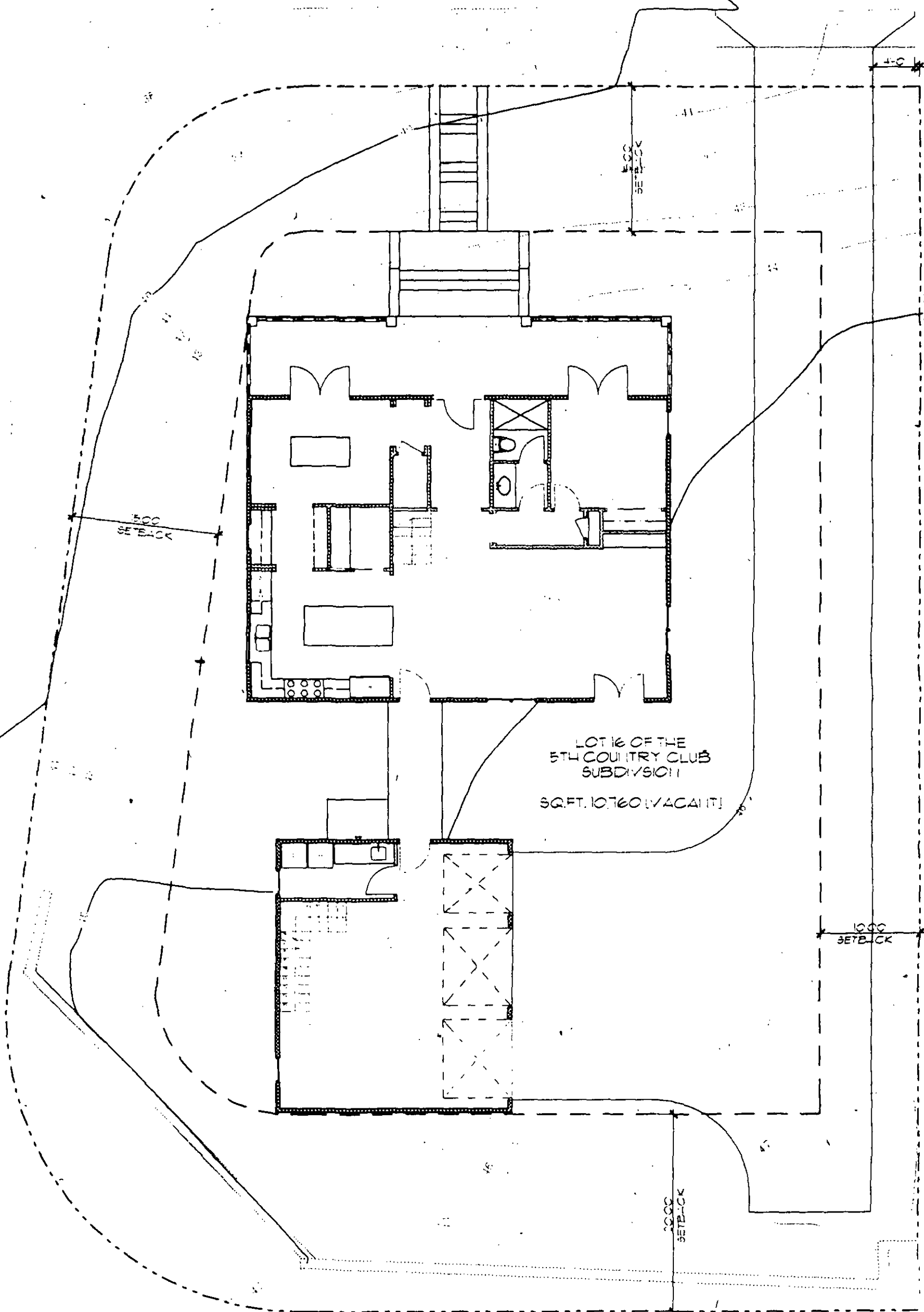
Dated: June 17, 2009; Haiku, Hawaii

Signed: CARL FREEDMAN  
Carl Freedman



WAIPUA STREET

NONOHE PLACE



HANA HIGHWAY